FitchRatings

ABN AMRO Bank N.V.

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1
Derivative Counterparty Rating	A+(dcr)
Viability Rating	a
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDRs	AAA
Long-Term Local-Currency IDRs	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (October 2018)

Short-Term Ratings Criteria (May 2019)

Related Research

ABN AMRO Bank N.V. - Ratings Navigator (November 2019)

Fitch Ratings 2020 Outlook: Western European Banks (December 2019)

Analysts

Olivia Perney Guillot
+33 1 44 29 91 74
olivia.perney@fitchratings.com

Romain Levasseur
+33 1 44 29 91 76
romain.levasseur@fitchratings.com

Key Rating Drivers

IDR Above VR: ABN AMRO Bank N.V.'s Long-Term Issuer Default Rating (IDR) is one notch above its Viability Rating (VR), which reflects a large buffer of qualifying junior debt (QJD) that could protect senior debtholders from default in case of failure. A QJD buffer of at least 10% of risk-weighted assets (RWAs) is required to maintain the uplift.

Negative Outlook on QJD Uncertainty: The Negative Outlook on the Long-Term IDR reflects increased uncertainty about whether the QJD buffer will be maintained at a level that we view as sufficient to protect from default all senior obligations, including senior non-preferred debt, the reference liability for the Long-Term IDR.

Diversified Domestic Franchise: ABN AMRO's VR reflects its strong domestic universal banking franchise complemented by European private banking, and international corporate and institutional franchises. The bank's solid capitalisation and sound funding and liquidity profile are rating strengths. The VR also factors in ABN AMRO's well-executed strategy, healthy asset quality and sound earnings.

Healthy Profitability, Weaker Outlook: ABN AMRO's profitability is good and compares well with similarly rated peers'. The operating profit/RWAs ratio was 2.7% in 9M19, and the return on average equity was in line with the bank's target range of 10%-13%. However, the outlook for earnings has deteriorated. We expect a more difficult revenue environment from low interest rates, as well as cost pressures relating to the bank's investments in customer due diligence (CDD) remediation programmes to weigh on earnings in the coming years.

Conduct Risk in Focus: The bank is subject to investigation in relation to requirements under the Act on the Prevention of Money Laundering and Financing of Terrorism. The outcome is highly uncertain, but ABN AMRO's VR factors in Fitch Ratings' view that the bank's earnings and capital provide a material buffer against most potential outcomes.

Sound Asset Quality: The bank's impaired loans ratio (Stage 3 loans/gross loans) of 2.4% at end-September 2019 is in line with similarly rated peers', reflecting a large and well-performing Dutch mortgage loan book. We expect asset quality to remain sound with loan impairment charges (LICs) below their through-the-cycle average in the near term.

Capitalisation is a Rating Strength: ABN AMRO's risk-weighted capital ratios are sound, with a common equity Tier 1 (CET1) ratio of 18.2%, excluding 9M19 retained earnings, at end-September 2019. The bank's conservative capital targets already take into account the likely future regulatory-driven RWA increases. The leverage ratio is moderate but is affected by the regulatory treatment of certain derivative exposures, which will change in the medium term.

Rating Sensitivities

Lower Junior Debt Buffer: The Long-Term IDR is likely to be downgraded to the level of the VR if there is a clear indication that the QJD buffer will fall below 10% of RWAs on a sustained basis. This could be due to partial replacement of Tier 2 debt (part of QJD) by senior non-preferred debt, or a significant increase in RWAs.

Large Shock to Capital or Funding: The VR could be downgraded if the Dutch authorities' investigation results in a fine that materially dents the bank's capital base. While not expected, significantly weaker earnings or asset quality that would put pressure on capital or affect access to/cost of wholesale funding could also be rating-negative. Should the outcome of the investigation have limited implications on ABN AMRO's financial profile, then an extended record of strong performance against stated targets could be rating-positive over time.

Debt Rating Classes

Rating level	Rating
ABN AMRO Bank N.V.	
Senior preferred	A+/F1
Senior non-preferred	A+
Tier 2 subordinated debt	A-
Additional Tier 1 notes	BB+
ABN AMRO funding USA LLC	
Senior unsecured	F1

Source: Fitch Ratings

On 15 November 2019, Fitch published *Exposure Draft: Bank Rating Criteria*, which included proposals to alter the notching of certain debt securities.

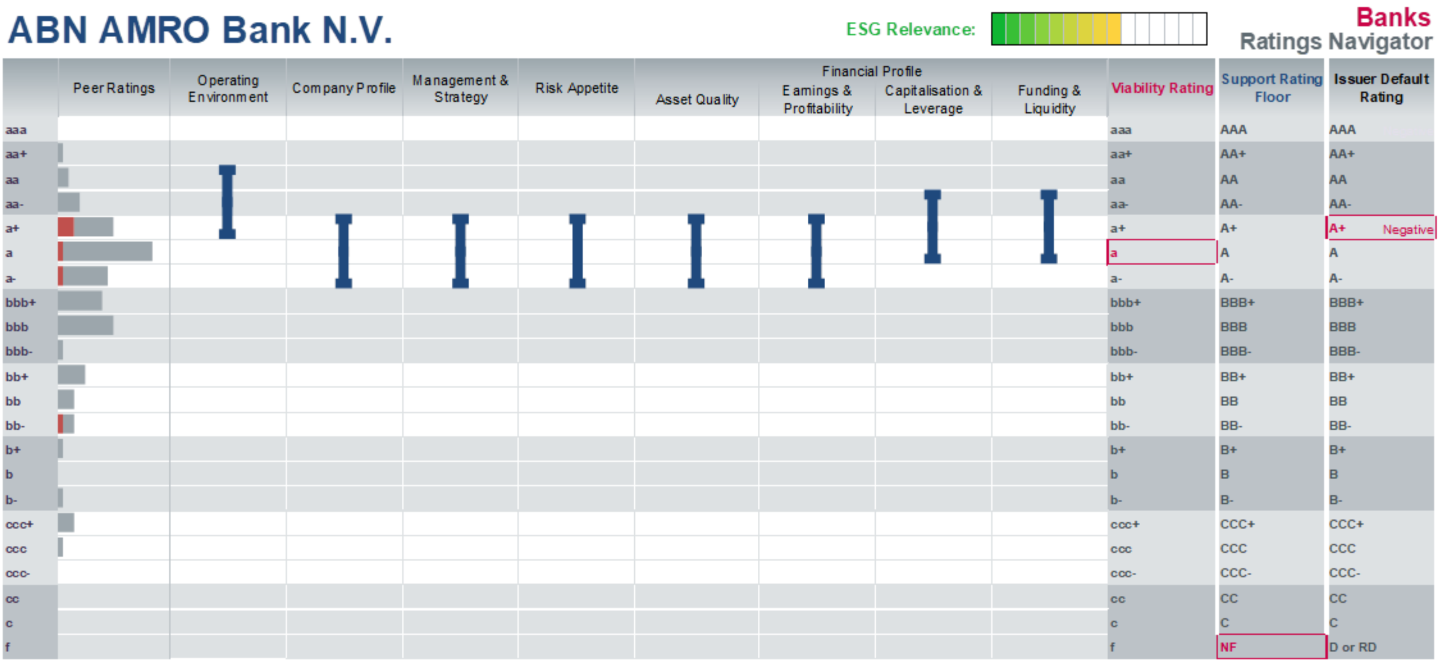
ABN AMRO's senior preferred debt and senior non-preferred debt are rated in line with the bank's Long-Term IDR. In case ABN AMRO's Long-Term IDR is downgraded to the level of the bank's VR, senior preferred debt may receive a one-notch uplift from the Long-Term IDR, provided the combined buffer of QJD and senior non-preferred notes exceeds 10% of RWAs at that point, which is likely given ABN AMRO's need to meet the minimum requirement for own funds and eligible liabilities (MREL).

Subordinated (Tier 2) debt is rated one notch below ABN AMRO's VR to reflect the above-average loss severity of this type of debt.

ABN AMRO's CRD IV-compliant perpetual non-cumulative additional Tier 1 instruments are rated five notches below the bank's VR. The notching reflects two notches for loss severity in light of the notes' deep subordination and three notches for additional non-performance risk relative to the VR given a high write-down trigger and fully discretionary coupons.

ABN AMRO Funding LLC is a US-based funding vehicle fully owned by ABN AMRO. The rating of the US commercial paper debt securities issued by the vehicle is aligned with ABN AMRO's Short-Term IDR in light of ABN AMRO's guarantees on the securities issued by ABN AMRO Funding LLC.

Ratings Navigator – Standalone Assessment



Significant Changes

Investigation into Potential Customer Due Diligence Controls Failings

In September 2019, the Dutch public prosecutor office announced that ABN AMRO is subject to an investigation in relation to requirements under the Dutch Act on the Prevention of Money Laundering and Financing of Terrorism. The investigation relates to ABN AMRO's compliance with the Act with respect to completeness of client files, timely reporting of unusual transactions and timely discontinuation of client relationships. ABN AMRO has been accelerating its CDD remediation programmes since 2018.

The potential outcome is difficult to assess, and the investigation is likely to take time. In 2018, the Dutch public prosecutor office found significant shortcomings in the execution of CDD policies and transaction monitoring under the Act at the Dutch peer ING Bank N.V., which has resulted in a fine and disgorgement of EUR775 million. However, the two cases are not directly comparable given limited details on ABN AMRO's investigation so far. ABN AMRO's VR factors in Fitch's view that the bank's earnings (9M19 net income: EUR1.7 billion) and capital provide a material buffer against most potential outcomes.

Risk-Weight Floor for Dutch Mortgage Lending from Late 2020

The Dutch central bank, De Nederlandsche Bank (DNB), has recently proposed to impose a risk-weight floor for mortgage lending not covered by the Dutch National Mortgage Guarantee scheme. The measure should come into force in autumn 2020. The proposed risk-weight floors increase with the loan-to-value (LTV) ratio of the underlying mortgage loans. DNB estimates that, on average, risk weights on mortgage loans will go up to 14%-15% (ABN AMRO: 10.4% at end-September 2019). The measure effectively partly front-loads the impact of Basel III end-game rules, which would have been subject to a gradual phase in, most likely from 2022. We expect the impact from this to be easily manageable for the bank given its high capital ratios.

Upcoming Changes in Top Management

ABN AMRO announced that a new chief executive, Robert Swaak, will be appointed in April 2020. Mr. Swaak is the former chairman of PwC Netherlands. Fitch does not expect significant shifts in the bank's strategy as a result of this change given that the strategy has been updated recently and other members of the bank's executive committee remain unchanged.

Bar Chart Legend

Vertical bars – VR range of Rating Factor

Bar Colors – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Bar Arrows – Rating Factor Outlook

- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- ▫ Stable

Company Summary and Key Qualitative Assessment Factors

Top Three Dutch Universal Bank

ABN AMRO is the third-largest Dutch bank by assets and is a predominantly domestic universal bank with market shares of 15%-25% depending on the product. The bank offers a full range of retail products (including insurance through a joint venture) and serves mass-retail and mass-affluent clients. ABN AMRO's commercial bank mainly serves Dutch SMEs and corporates. Internationally, the bank benefits from strong competitive positions in private banking and selected corporate sectors such as transportation and logistics, trade commodity finance and clearing.

ABN AMRO's franchise and the concentrated nature of the Dutch market result in disciplined pricing, contributing to the resilience of the bank's net interest income (NII, about 80% of total revenue). International operations, mainly through the corporate & institutional banking division, add a degree of diversification, while the bank's strong European private banking franchise provides it with recurring fees. ABN AMRO is the market leader in onshore private banking domestically and has a top three position in Germany and top five in France.

ABN AMRO is ultimately 56%-owned by the Dutch state. Other shares are widely held. The state is commited to the gradual divestment of its stake although the last stock sale took place in September 2017. We do not expect the eventual divestment to impact ABN AMRO's credit profile as the state is not involved in the day-to-day management of the bank.

Clear Strategy, Good Execution

ABN AMRO aims to be a leading Dutch bank and a competitive player in chosen international niche markets such as private banking or clearing. The bank's strategic objectives are coherent and clearly articulated and most financial targets have been met on a regular basis. The bank has executed well on achieving recurring cost savings and on reducing its exposure to certain cyclical and less profitable subsectors as part of the strategic refocus of its corporate & institutional banking division. The latter has resulted in a EUR5 billion like-for-like reduction in divisional RWAs by end-June 2019 (more than 10% from the starting point at end-March 2018).

Moderate Appetite for Credit Risk

ABN AMRO's underwriting standards are sound and are supported by a robust system of limits and controls. Low-risk Dutch mortgage loans comprise the majority of the bank's loan book. ABN AMRO maintains some appetite for lending to certain cyclical industries such as energy and shipping, but limits are reasonably conservative and the bank focuses on collateralised lending. ABN AMRO's loan growth has been limited in recent years and domestic lending is likely to grow in line with the Dutch GDP (Fitch forecasts GDP growth of 1.5% in 2020 and 1.8% in 2021 for the Netherlands).

Dutch mortgage lending is mainly prime, owner-occupied, with a very limited buy-to-let segment due to a small and rigid rental market. ABN AMRO's mortgage lending has been conducted at high LTV ratios by international standards, like its Dutch peers, and driven by past tax incentives to borrow. Regulatory changes adopted since 2011 have eventually reduced the LTV cap at loan inception to a still high 100% and required mortgage loans to be fully amortising for interest costs to be tax deductible.

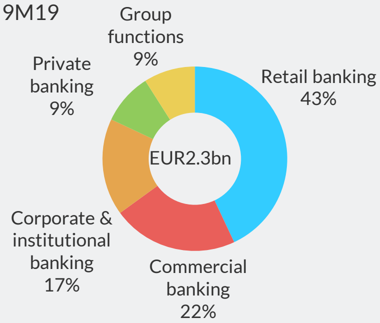
We believe that risks are further mitigated by the Dutch banks' focus on debt affordability when underwriting mortgage loans, including under stressed interest rates. The use of centralised credit bureau data and fraud registers is widespread. The legal system is creditor-friendly and banks have full recourse to the borrowers.

Modest and Appropriately Hedged Exposure to Market Risk

ABN AMRO's main market risk is the interest-rate risk in the banking book. It is conservatively managed, with duration of equity of 1.3 years at end-June 2019 and NII-at-risk of minus 3.5% (in a scenario of an instantaneous 100bp decrease of interest rates). However, the effectiveness of the bank's hedging relies on the accuracy of its modelling of customer behaviour. Trading activities are primarily customer-driven, with a low value-at-risk (maximum EUR5 million in 1H19, calculated on a one-day 99% confidence basis).

Profit Before Tax

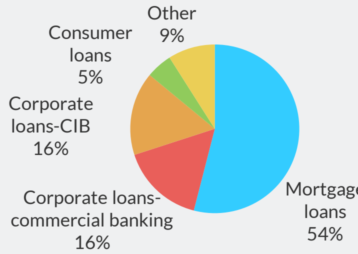
9M19



Source: Fitch Ratings, ABN AMRO

Gross Loans

EUR274bn at end-September 2019[a]



[a] Excluding hedge accounting fair-value adj.
Source: Fitch Ratings, ABN AMRO

Financial Targets

(%)	Target	9M19[a]
Return on equity (by 2020)	10-13	11.3
Cost/income (by 2022)	<55	59.7
CET1 ratio (for 2019)	17.5-18.5	18.2

[a] As calculated by the bank
Source: Fitch Ratings, ABN AMRO

Summary Financials and Key Ratios

	30 Sep 19	31 Dec 18	31 Dec 17	31 Dec 16
	9 Months	Year end	Year end	Year end
	(EURm)	(EURm)	(EURm)	(EURm)
	Unaudited	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement				
Net interest & dividend income	4,882	6,593	6,456	6,277
Net fees and commissions	1,236	1,699	1,747	1,743
Other operating income	386	733	709	452
Total operating income	6,360	9,025	8,912	8,472
Operating costs	3,884	5,351	5,476	5,657
Pre-impairment operating profit	2,490	3,674	3,436	2,815
Loan & other impairment charges	343	655	-63	114
Operating profit	2,147	3,019	3,499	2,701
Other non-operating items (net)	130	67	272	-245
Tax	547	761	980	650
Net income	1,730	2,325	2,791	1,806
Other comprehensive income	n.a.	-471	-322	385
Fitch comprehensive income	1,730	1,854	2,469	2,191
Summary balance sheet				
Assets				
Gross loans	278,071	273,146	277,366	271,346
- Of which impaired	6,662	5,887	6,909	8,912
Loan loss allowances	2,179	2,260	2,460	3,666
Net loans	275,892	270,886	274,906	267,680
Interbank	6,418	7,840	10,414	13,179
Derivatives	7,761	6,191	9,825	14,384
Other securities & earning assets	72,475	55,576	58,964	65,458
Total earning assets	362,546	340,493	354,109	360,701
Cash and due from banks	28,730	34,655	30,034	22,167
Other assets	8,876	6,147	9,028	11,614
Total assets	400,152	381,295	393,171	394,482
Liabilities				
Customer deposits	248,231	236,123	236,700	228,758
Interbank and other short-term funding	27,631	36,645	45,233	41,749
Other long-term funding	85,554	76,796	72,442	75,744
Trading liabilities and derivatives	11,325	7,412	9,449	15,317
Total funding	372,741	356,976	363,824	361,568
Other liabilities	6,416	4,967	10,024	13,977
Pref. shares and hybrid capital	1,986	2,008	2,007	993
Total equity	19,009	19,352	19,323	17,944
Total liabilities and equity	400,152	381,295	393,171	394,482

Summary Financials and Key Ratios (Cont.)

	30 Sep 19 9 Months (EURm) Unaudited	31 Dec 18 Year end (EURm) Audited - unqualified	31 Dec 17 Year end (EURm) Audited - unqualified	31 Dec 16 Year end (EURm) Audited - unqualified
Ratios (annualised as appropriate)				
Profitability				
Operating profit/RWAs	2.7	2.9	3.3	2.6
NII/average earning assets	1.9	1.9	1.8	1.6
Non-interest expense/gross revenues	61.1	59.6	61.8	67.2
Net income/average equity	12.0	12.0	14.9	10.6
Asset quality				
Impaired loans ratio	2.4	2.2	2.5	3.3
Growth in gross loans	1.8	-1.5	2.2	-3.3
Loan loss allowances/impaired loans	32.7	38.4	35.6	41.1
Loan impairment charges/average gross loans	0.2	0.2	0.0	0.0
Capitalisation				
Fitch Core Capital ratio	17.8	18.1	17.9	16.9
Tangible common equity ratio	4.8	5.0	4.9	4.5
CET 1 ratio	18.2	18.4	17.7	17.1
Basel leverage ratio	4.2	4.2	4.1	3.9
Net impaired loans/FCC	23.9	19.0	23.4	29.9
Funding & liquidity				
Loans/customer deposits	112.0	115.7	117.2	118.6
LCR	n.a.	n.a.	n.a.	n.a.
Customer deposits/funding	68.1	67.5	66.6	65.7
NSFR	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions

Key Financial Metrics – Latest Developments

Sound Asset Quality Underpinned by Loan Mix

ABN AMRO's moderate impaired loans/gross loans ratio is supported by its well-performing Dutch mortgage loan book (where impaired loans were just 0.8% of gross loans at end-September 2019). Coverage of impaired loans by loss allowances is low in the international context but reflects the collateralised nature of the bank's loan book and fairly conservative non-performance triggers.

We expect ABN AMRO's asset quality to remain resilient. LICs have picked up in 2018-9M19 from unsustainably low levels but remain below the through the cycle average range of 25bp-30bp of average gross loans. We expect LICs to remain below this level in the near term as the Dutch economy continues to grow, albeit at a slower pace.

ABN AMRO is exposed to some cyclical industries through its global natural resources, global transportation and logistics and trade and commodity finance portfolios. These three sectors drove the increase in LICs in 2018 and while their performance has since improved, still accounted for about 40% of LICs in 2019. Historically, the bank has managed the quality of the portfolio well (with moderate LICs through the cycle).

Increased Revenue and Cost Pressure but So Far Resilient Earnings

ABN AMRO's profitability is good and compares well with peers'. The operating profit/RWAs ratio has remained resilient despite the pick-up in LICs, but we expect earnings pressure to increase, mainly as a result of low-for-longer interest rates. ABN AMRO is selectively charging negative deposit rates to its largest clients, and the introduction of deposit tiering by the ECB will reduce the cost of the cash component of the bank's liquidity buffer by about EUR60 million a year. We believe these measures will only partly mitigate the pressure, while we do not expect volume growth to fully offset the impact of margin compression on revenue in light of the bank's careful lending policies.

Cost-efficiency is broadly in line with peers despite its private banking division, which has a structurally higher cost/income ratio. The bank has historically shown strong cost control. However, we do not expect ABN AMRO to meet its efficiency targets in the near term due to revenue headwinds and as a result of additional costs under the bank's CDD remediation programme.

Robust Capital Ratios; Well-Positioned for Upcoming Regulatory Changes

ABN AMRO's risk-weighted capital ratios are solid. The bank's CET1 ratio of 18.2% at end-September 2019 is in line with the bank's target range of 17.5%-18.5% for 2019. The conservative capital target is driven by the anticipated impact of the Basel III end-game rules on the calculation of the bank's RWAs (estimated to reduce the CET1 ratio by about 4pp-5pp). The bank is well positioned to cope with increased capital requirements.

ABN AMRO reported a Basel III leverage ratio of 4.2% at end-September 2019. It is affected by the regulatory treatment of certain derivative exposures in its clearing business, which inflates the leverage exposure measure. A change in regulatory approach to cleared derivatives should in the medium term increase the bank's leverage ratio by about 0.6pt.

Diversified Funding, Sound Liquidity

ABN AMRO's funding is diverse and the bank maintains good access to the wholesale markets. With a loans/deposits ratio of 112% at end-September 2019 (as calculated by Fitch, with gross loans in the numerator and including public sector loans and deposits), the bank uses wholesale funding to fund part of the loan book. The large mortgage loan market in the Netherlands combined with significant pension savings (resulting in limited inflow of deposits into the banking system) means that this is unlikely to change in the medium term. ABN AMRO's liquidity buffer is ample (EUR83.1 billion at end-June 2019 including EUR7.1 billion of retained RMBS and covered bonds), of high quality and well in excess of short-term funding needs and long-term funding maturing within one year (EUR22.5 billion at end-June 2019).

Note on Charts

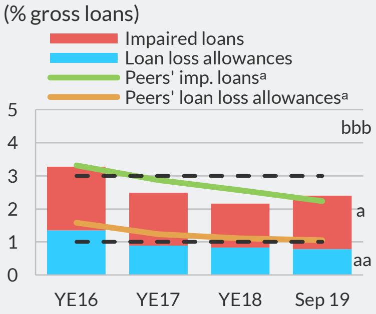
Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category.

Peer average includes ABN AMRO Bank N.V (VR: a), Cooperatieve Rabobank U.A. (a+), ING Group N.V. (a+), BNP Paribas Fortis SA/NV (a), KBC Group NV (a), Danske Bank A/S (a), Swedbank (aa-).

The latest period average calculation uses end-June 2019/1H19 data for BNP Paribas Fortis SA/NV and Cooperatieve Rabobank U.A.

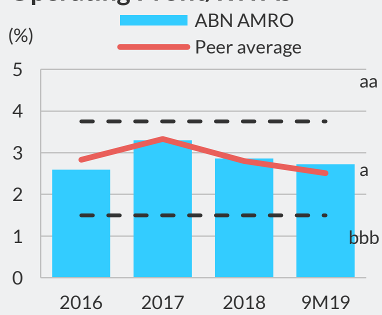
Asset Quality

(% gross loans)



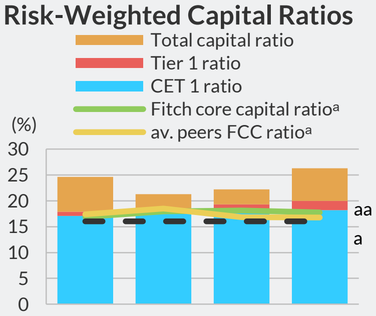
Source :Fitch Ratings, Banks

Operating Profit/RWAs



Source :Fitch Ratings, Banks

Risk-Weighted Capital Ratios



[a] Fitch Core Capital Used as benchmark line
Source :Fitch Ratings, Banks

Large Buffer of Junior Debt Supports IDR above VR; Sustainability Less Certain

ABN AMRO's Long-Term IDR and senior debt ratings are one notch above the bank's VR because Fitch believes the risk of default on senior obligations, as measured by the Long-Term IDR, is lower than the risk of the bank failing, as measured by its VR. This is due to the bank's significant QJD buffer, which could be made available to protect senior obligations from default in case of failure, either under a resolution process or as part of a private-sector solution (ie distressed-debt exchange) to avoid a resolution action.

Without such a private-sector solution, we would expect a resolution action to be taken on ABN AMRO when it breaches minimum capital requirements. We have assumed that the intervention point would be around the bank's minimum CET1 requirement of 6.25% (Pillar 1 and Pillar 2, excluding the combined buffer requirements).

We further assume ABN AMRO would need to meet its total minimum capital requirements immediately after a resolution action, which on a fully loaded basis, including the combined buffer requirements but excluding the countercyclical buffer, amounts to 15.25%. Taking also into account additional undisclosed Pillar 2 guidance as well as a potential risk-weight increase in a stress scenario, a QJD buffer of 10% of total RWAs would most likely be sufficient to restore the bank's viability without affecting senior creditors.

At end-September 2019, the QJD buffer was 11.5% of RWAs but its sustainability has become less certain in Fitch's view given the uncertainty of the issuance of subordinated (mainly Tier 2) instruments and the likely rise in capital requirements because of a regulatory-driven increase in RWAs.

The bank has been building up its buffer of eligible liabilities to meet MREL, expected to be at 27% of RWAs by 2022. ABN AMRO issued its inaugural EUR1.25 billion senior non-preferred debt in January 2020. Senior non-preferred debt, which is not included in Fitch's QJD could also be used for MREL purposes and could over time partly replace the more expensive Tier 2 instruments. We calculate that EUR2.5 billion of instruments that comprise ABN AMRO's QJD (of which EUR1.5 billion/1.4% of RWAs in Tier 2 instruments) can be called by end-2020.

Redeemed issues could be partly refinanced with subordinated instruments, supporting the absolute amount of QJD, although issuance volumes are uncertain given the increased role that senior non-preferred debt is expected to play in meeting MREL. ABN AMRO's RWAs also face headwinds from the ECB's targeted review of internal models and the potential introduction of risk-weight floors for mortgage loans not covered by the Dutch mortgage guarantees from late 2020, as proposed by the Dutch central bank. These measures effectively bring forward part of the RWA inflation from Basel III end-game rules. The latter have a high estimated impact on ABN AMRO's RWAs of close to 30%. As a result, we expect that, over the medium term, it will be more difficult for ABN AMRO to maintain its QJD buffer sustainably above 10% of RWAs.

Sovereign Support Assessment

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			A or A-
Actual country D-SIB SRF			NF
Support Rating Floor:			**NF**
Support Factors	**Positive**	**Neutral**	**Negative**
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)	✓		
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support			✓
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

ABN AMRO's Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's view that senior creditors can no longer rely on receiving full extraordinary support from the sovereign in the event that ABN AMRO becomes non-viable. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that is likely to require senior creditors participating in losses, if necessary, instead of, or ahead of, a bank receiving sovereign support.

An upgrade of the Support Rating or upward revision of the Support Rating Floor would be contingent on a positive change in the Dutch sovereign's propensity to support its banks. While not impossible, this is highly unlikely, in Fitch's view.

Environmental, Social and Governance Considerations

FitchRatings **ABN AMRO Bank N.V.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

ABN AMRO Bank N.V. has 5 ESG potential rating drivers

- ABN AMRO Bank N.V. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
not a rating driver	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3' - ESG issues are credit-neutral or have only a minimal credit impact on ABN AMRO, either due to their nature or the way in which they are being managed by ABN AMRO. For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.